

HUNGARY

INTRODUCTION

The Hungarian electronic communications sector is performing better than the overall trends of the Hungarian economy, although the growth of recent years have diminished; in particular mobile broadband services are showing signs of steady growth. In Hungary the electronic communications market is characterised by infrastructure based competition as, during the past years, cable operators have been increasing their market share in the broadband market significantly with bundled offers including TV services becoming more popular.

While the National Communications Authority (Nemzeti Hírközlési Hatóság, NHH) has taken steps to define a strategy towards next generation networks (NGN), the timely adoption of this strategy is of importance in order to promote legal certainty and to meet current demands of the sector. Despite regulatory actions in the past, the take up of local loop unbundling (LLU) remains low and the current preparatory regulatory activities with regard to next generation networks (NGN) should aim at giving appropriate incentives for operators to invest in network deployment. Apart from measures taken with regard to consumer protection, further regulatory measures are necessary in order to handle bottlenecks of competition

REGULATORY ENVIRONMENT

Main regulatory developments

Following the legislative amendments in relation to consumer protection during 2008, the protection of consumer rights was one of the main activities of the National Communications Authority in Hungary during 2009. It examined consumer complains, increased its efforts to ensure tariff transparency for consumers and initiated proceedings against several operators, in particular with regard to the quality of service provided.

On 22 October 2008 the NHH launched tenders to assign further frequencies. The most significant tender concerned a 900/1800/2100 MHz frequency package to enable entry of a fourth operator. The tender for allowing the entry of the fourth mobile operator was however cancelled in 2009, that the NRA justified by changes in the business environment caused by the global economic crisis. The other tenders concerned a 450 MHz frequency band and 26 GHz band for further mobile infrastructure development.

Having finalised the second round of market analysis in 2008, the NHH is carrying out preparatory work on the third round of market reviews. Consultation with the sector on draft measures is expected to take place in early 2010. The NHH has been reflecting particularly on the regulatory approach towards broadband access, in view of maintaining infrastructure based competition in Hungary. However, no indications have been given in relation to the possible regulatory approaches towards broadband and, more particularly, in respect of the regulatory treatment of next generation access networks (NGA). Market players are concerned about the lack of transparency and legal certainty in this respect. It is necessary that the NHH adopts a more proactive approach and gives indications to the sector in respect of these issues in order to promote investment and preserve competition in the broadband markets.

Act LVI of 2009 aiming to implement Directive 2006/123/EC on services in the internal market¹⁵⁴ modified the Act on the electronic communications to ensure compliance with the RTTE Directive¹⁵⁵. Act LXXXVI of 2009¹⁵⁶ amended the Act on electronic communication to allow intermediation by telecommunications operators with regard to payment services.

Organisation of the NRA

The regulatory tasks are divided between the NHH and the Ministry of Transport, Telecommunication and Energy ("Ministry") and the Prime Minister's Office ("PMO"). The Ministry has seen serious manpower cuts during the last years, and in 2008 the bulk of activities related to the electronic communications sector¹⁵⁷ were finally moved to the PMO. Operators are concerned about the lack of clear strategic and long-term vision for the Hungarian electronic communications sector, and they regret that the institutional setup makes it difficult to enter into dialogue with the decision makers.

Since the latest reorganisation of the Ministry, the NHH plays a greater role in general policymaking and in spectrum policy, as the supervision of the NRA and the policy making belong to two different ministries. In 2009, a restructuring of the board has occurred, whereby three new members were designated to the board and three existing members were reappointed, although in May 2009 one of the confirmed members was dismissed after disciplinary proceedings. In December 2009, the president announced his early resignation.

Decision-making

Although the NHH has been preparing for the third round of market analysis, no new draft decision has been published for consultation. Draft measures are expected to be published and consulted in 2010.

Despite actions taken by the NRA concerning regular consultations and public hearings with operators, market players still consider that further measures of transparency are necessary. They are concerned about the lack of dialogue in particular during the public hearings, which they currently regard as a formal step rather than a constructive exchange of views.

With regard to appeals, some market players are also concerned of the lengthy court proceedings and, that the courts often take decisions on the basis of procedural issues rather than on the merits of the case.

MARKET AND REGULATORY DEVELOPMENTS

The total turnover of the Hungarian electronic communications sector in 2008 was around €3.98 billion, which represented around 3.8% of the gross domestic product in 2008 and shows a nearly 4.0% increase to 2007, with revenue from the fixed markets (including

¹⁵⁴ Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market, OJ L 376, 27.12.2006, p. 36–68

¹⁵⁵ Directive 1999/5/EC of the European Parliament and of the Council of 9 March 1999 on radio equipment and telecommunications terminal equipment and the mutual recognition of their conformity, OJ L 91, 7.4.1999, p. 10–28

¹⁵⁶ Act LXXXVI of 2009 amending the Act CXII. Of 1996 on Financial institutions and financial undertakings with regard to payment institutions and payment services (2009. évi LXXXVI. törvény a hitelintézetekről és a pénzügyi vállalkozásokról szóló 1996. évi CXII. törvény pénzforgalmi intézményekkel és pénzforgalmi szolgáltatással összefüggő módosításáról)

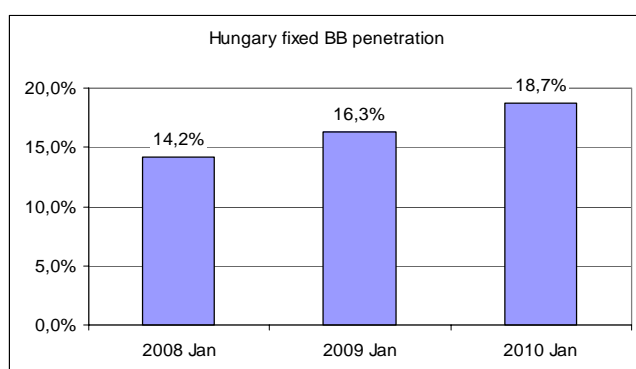
¹⁵⁷ With the exception of the supervision of the NHH and the functioning of the Universal Services Fund.

broadband and leased lines) amounting to € 2.04 billion and revenue from the mobile markets totalling € 1.94 billion (showing a moderate decrease that is covered by the different exchange rate used in the current report). The total value of tangible investment in electronic communications networks during 2008 was €645.7 million, while mobile operators invested around €237.6 million.

Market players are of the view that given the take-up of triple play and mobile broadband services as well as the increasing competition by cable television operators, the strategy on Next Generation Access and the assessment of the competitive impacts of cable infrastructure remain the major regulatory challenge in Hungary. As the regulatory treatment of NGAs will affect operators' business strategies, it is important not to delay the process.

Broadband

Market situation



Broadband penetration increased to 18.7% in January 2010 (16.3% in January 2009), but remains below the EU average of 24.8%. Out of 1 879 181 active retail broadband lines in January 2010, 823 275 were DSL retail lines (43.8%). Of all DSL lines, the main incumbent operator has slightly increased its market share over the last year, from 72.3% in January 2009 to 76.6% in January 2010.

However, taking into account other technologies, the market share of the broadband lines based on DSL is decreasing in Hungary. In January 2010 56.2% of broadband lines were provided by other technologies (mainly cable but also other technologies such as mobile broadband and fixed wireless technologies) compared with 50.8% in January 2009 and 38.3% in January 2007. Consequently, the market share of the main incumbent operator has been decreasing in the overall retail broadband market and in January 2010 it stood at 40.6% compared with 41.7% year before. These developments evidence the strong growth of cable operators in Hungary.

In this respect, in the past few years, the incumbent has been facing an increasing competition on behalf of cable operators providing advantageous broadband offers with triple play packages. Although the cable market is fragmented, there are strong market players which are already upgrading their networks towards NGAs in their areas of service (DOCSIS 3.0), and gaining market shares from the incumbent operator.

Both cable and DSL operators offer triple play services. Cable television is the main driver of competition at present in the broadband market, hence it is necessary for DSL operators to offer an IPTV product to be in a position to compete with cable operators. Two incumbent operators are offering an IPTV resale product on a commercial basis.

The main fixed incumbent operator announced in June 2008 that it would invest €166 million in fibre and cable networks by 2013 with the aim to offer fibre-to-the-home (FTTH) to 780 000 households and upgrading lines to serve a further 380 000 households. In April 2009 the incumbent was gradually starting to offer FTTH packages in more populated areas of larger cities in Hungary and is expecting to reach 160 000 households by the end of 2009 using

GPON architecture. Other fixed operators did not announce any plans on the upgrade of their infrastructure.

In Hungary mobile broadband penetration was 3.8% in July 2009, just below the EU average of 4.2%¹⁵⁸ and is showing continuous signs of growth. Mobile broadband generated the strongest growth in the mobile market, and in 2009, the NHH started to publish data on mobile internet services. According to the monthly mobile broadband report of December 2009, the incumbent's subsidiary dispose over roughly half of the market, leaving the other half of the market divided almost evenly between its two competitors.

Regulatory issues

It is considered, that the strategy on NGN as well as the regulatory treatment of cable remain the major regulatory challenges in Hungary, given the growth of bundled offers and the increasing infrastructure based competition. The NHH organised a public consultation on a strategic study on NGN and also held a public hearing on 31 October 2008. Despite these activities, operators expressed their concern that, the regulator has not yet provided a comprehensive and clear strategy on this matter, that would ensure legal certainty to the market and give the incumbent as well as alternative operators the necessary incentives to invest.

During 2009 the NHH has been working towards a revision of the current broadband regulation, however no public consultation has taken place yet on this measure in 2009, the NRA expects to conduct a public consultation in the beginning of 2010. According to the NRA, the current challenge is to factor appropriately the competitive pressure exerted by cable operators in the wholesale broadband access market while preserving competition. In this context, the NHH stated to reflect on some form of geographic or product differentiation.

A new wholesale broadband access reference offer (BARO) was under preparation and consultation with stakeholders took place during 2009. Furthermore, the NRA concluded that the incumbent operator had failed to comply with the retail minus pricing obligation in the wholesale broadband access market.

As regards the wholesale physical infrastructure (LLU) market, in the second round market review in 2007, the main incumbent and 4 regional fixed operators were designated as having SMP and, accordingly, obligations were imposed on them. The Hungarian monthly price per fully unbundled local loop stood at €6.97 in October 2009, below the EU average (€8.55) and for shared access (€1.52) it is slightly below the EU average (€2.24). In this respect, it is worth noting that local loop unbundling started to show some signs of growth in Hungary only in 2006 and take-up still remained quite low in 2009, despite the regulatory intervention to substantially reduce LLU prices. At present stage, uncertainties as to LLU investments with regard to next generation access network deployment may also be reducing the incentives for alternative operators to invest.

In March 2009 following the merger of certain operators, the NRA adopted its decision on the reference unbundling offer and reference interconnection offer, for the operators designated as having significant market power.

¹⁵⁸ At the time of preparing this report, data on mobile penetration in January 2010 were not available for Hungary.

In 2008 the main incumbent merged with its own cable operator company and intended to acquire sole control over a regional cable TV operator. The National Competition Authority came to the conclusion that the acquisition would reduce the only competitive pressure on the incumbent, and therefore it prohibited the acquisition. In August 2009, the incumbent acquired infrastructure from cable operators in the region around the capital offering double and triple play packages to subscribers.

In 2009, the PMO initiated consultations on a Digital Public Utility Project that would involve public and governmental infrastructure to improve access to regions where NGA networks would not be provided on commercial terms. Some operators pointed out that public intervention should not distort competition and be limited to the above areas.

Mobile

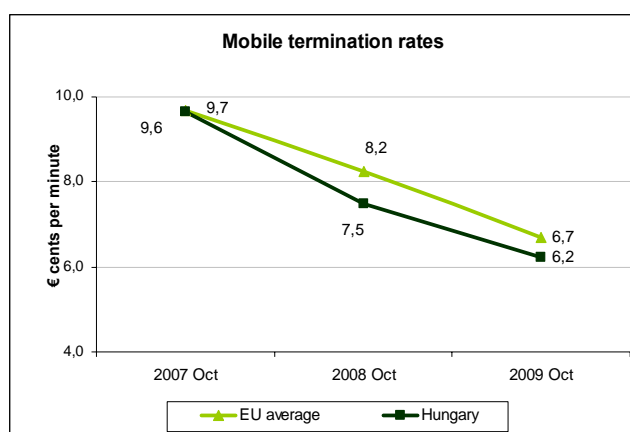
Market situation

In Hungary there are three MNOs - the mobile division of the main incumbent and two Hungarian subsidiaries of foreign MNOs. In October 2009, the three MNOs market shares did not show a significant departure from the 2008 figures. Mobile penetration rate was 106.2% with 10 654 339 subscribers in October 2009 showing a moderate increase compared to October 2008 (104.4%). The number of pre-paid subscriptions decreased during 2009 (58.1 % in October 2009), but remained slightly above EU average (55.3%).

Over the past years, some fixed operators have voiced concerns as to the lack of mobile virtual network operators (MVNO) in Hungary and the difficulty to conclude negotiations with one of the MNOs in this respect. However, in November 2009 a new entrant announced to enter the mobile market after concluding an agreement with the third largest MNO for using its network to offer the most common mobile services focusing on voice call and SMS services.

Regulatory issues

In order to boost competition on the mobile market, a tender for a licence covering the 900/1800/2100 MHz frequency package has been published to enable market entrance for a fourth MNO. However, this tendering process was subject to notable controversy at national level, and in May 2009, the NRA decided to bring to a close the tender for this frequency package without evaluating the bids. Three of the applicants appealed the decision of the NRA at second instance (to the president of the NHH) and these appeals were rejected. Furthermore, two participants submitted an appeal for review to the Metropolitan Court, which delivered a final judgement dismissing the case in July 2009.



On the basis of the regulatory measures in place in the mobile call termination markets, the MNOs are required to gradually decrease their mobile termination rates (MTRs) following a glide path with cost-oriented MTRs; symmetry between the operators was achieved from 1 January 2009 (at HUF 16.84 /min, approx. 6.23 €-cents/min). The level of MTRs in October

2009 was 6.23 €-cents, just below the EU average of 6.70 €-cents. The glide path is based on a bottom-up LRIC model. The reductions at wholesale level also contributed to the reduction of the retail average mobile price per minute (€0.14), which is slightly above the EU average (€0.13). However, the average revenue per mobile user has decreased significantly over 2009 (from €226 in December 2007, to €188 in December 2008), which may be explained by lower usage due to the economic situation.

Roaming Regulation

In accordance with the amended Roaming Regulation, as of 1 July 2009, operators adapted their prices for calls made and received to the new Eurotariffs and lowered their tariffs for sending SMSs. However, due to exchange rate fluctuations and increase in VAT, the reductions on the Eurotariff established in the Roaming Regulation were outbalanced and prices in compliance with the cap led to an increase of the retail prices. On the other hand, Euro-SMS prices are lower than some rates for sending SMSs on the domestic network. The newly introduced wholesale caps on data roaming apparently did not significantly influence retail prices yet, however some new data roaming packages were introduced.

Fixed

Market situation

Following a continued consolidation process, there are currently three local telecommunications operators in Hungary and the third largest has been taken over by a cable operator. In 2008, the second largest fixed operator incorporating also the largest carrier selection provider was put on the market for sale and in November 2009 was sold to financial investors.

As regards telephone services, the three regional fixed operators still hold a strong market position in their respective territories. On the basis of call traffic, in 2008 the operators had 84.4% market share for all types of fixed calls (83.6% in 2007) as well as 82.6% and 76.9% market shares respectively for calls to mobile and international calls. The market share of fixed operators for international calls on the basis of outgoing minutes of communications increased significantly during 2008, from 66.6% to 76.9%. Despite the regulatory obligations in place, competition in the retail calls market in Hungary has not developed significantly, and the use of carrier selection and carrier pre-selection continues to decline. However, with the increase of cable telephony, competition in the retail calls market in Hungary may introduce signs of development.

Regulatory issues

The main incumbent's wholesale price for making and terminating local calls during peak time in October 2009 was 0.51 €-cents just below the EU average (0.52 €-cents). In the second round market review of the call termination market, NHH imposed asymmetric remedies on local incumbents and on alternative operators, *inter alia* imposing access, price control and accounting separation obligations only to the regional fixed operators but not to the alternative operators. Following the reductions in interconnection fees of last year, charges for call termination on the incumbents' fixed network on single transit were 0.65 €-cents in October 2009 (down from 0.68 €-cents in October 2008) which values are also below the EU average of 0.79 €-cents. The NRA reported that a new market analysis decision is under preparation which is expected to address the current asymmetry of the fixed termination rates.

In May 2009, the NHH initiated a consultation with regard to the restructuring of the Hungarian numbering plan. The aim of this new scheme is to promote convergence with mobile numbers and allow mobile-fixed number portability.

Broadcasting

Market situation

In Hungary broadcasting transmission services are provided via several platforms: analogue terrestrial (26.3% of households), cable (57.0% of households), satellite (19.0% of households), IPTV (1.4% of households) and Terrestrial Digital Video Broadcasting (DVB-T).

The geographic coverage of analogue terrestrial transmission is approximately 90% of the Hungarian territory. The Hungarian cable TV market is still very fragmented with several hundred service providers, although the two biggest operators cover almost half of the total cable subscriptions. Satellite broadcasting subscriber services are provided by four operators.

With the entry into force of the Act on digital switchover, the complete analogue switch-off must take place by 31 December 2011 following a gradual switch-off of the analogue transmitters. The provision of national digital terrestrial TV broadcasting (based on 3 multiplexes) started in December 2008.

Mobile television services (Digital Video Broadcasting – Handheld, DVB-H) were launched in 2008, however take up is not yet significant.

Regulatory issues

On 22 October 2009, the digital terrestrial television provider was fined to 40 million HUF (about €150 000) by the NHH for being in delay with the implementation of the digital switchover. Being the single company entrusted with the carrying out of the digital switchover, the company was required to provide access to digital broadcasting to 88% of the population in 2009, and to 94% by 31 December 2010. The NRA carried out during 2009 the first Digital Monitoring report and it concluded that the company had met only partially and with delay its obligations with regard to availability of service and provision of information.

During 2009 the NHH conducted a sector specific inquiry on Broadcasting where it highlighted anomalies with regard to the reluctance of television channels (in particular the two main national commercial channels) to enter into contract with the digital terrestrial TV provider. Furthermore it proposed amendments to the Media Act to liberalise channel ownership. In its report, the NHH established that the increasing competition between platforms might be hindered by the delay in the DVB-T deployment. However the NHH considers the existing measures sufficient to enforce the obligations of the Digital Switchover Act on the digital terrestrial TV provider.

In October 2009, the Radio and Television Commission decided to discontinue the licences of two national radio stations and granted these rights to two new entrants offering the highest percentage of revenue as payable fee. The decision raised concerns, and was followed by the resignation of the president of the Radio and Television Commission.

The tendering of local and regional digital terrestrial TV broadcasting rights is currently under preparation by the NRA, which intends to hold an extensive public hearing in the coming months.

Horizontal regulation

Spectrum management

In May 2009, the NHH released the final results regarding the frequency tender published in October 2008 on the frequency blocks which had not been cancelled. With regard to the 450 MHz band, none of the applicants was selected. The NRA considered that the business plans submitted by the bidders were not sufficiently solid in view of the implementation of the objectives expressed and anticipated in the tender, including a growth in the vitality of the market. Both the incumbent operator and the provider of the digital terrestrial broadcasting network were awarded frequencies in the 26 GHz band for a period of ten years, and they can already start to operate in this band.

The authorities reported that internal preparations for the implementation of the GSM Directive had been initiated, a committee led by the PMO have been set up to develop a concept for the implementation and a meeting with the stakeholders on the strategy and possible next steps will be organised in the coming months. According to the concession agreements, operators are not currently allowed to provide UMTS services on the 900 MHz frequency band. Operators consider that it is necessary that the authorities adopt a decision which would expressly modify the concession agreements permitting the use of the frequency band for UMTS as well, which would provide legal certainty. However, it was also considered that the amount of frequencies that each mobile operator holds in this frequency band would not be technically sufficient to enable them to provide both GSM and UMTS services.

The debate on the future use of the digital dividend frequency band in Hungary has not yet started and the authorities mentioned that the need to coordinate with neighbouring countries was particularly challenging in Hungary, given the fact that some of these neighbouring countries are not members of the EU.

As some mobile network operators do not dispose over sufficient frequencies to provide both voice and data services and the digital dividend is still reserved for broadcasting, there is a considerable demand for future frequency acquisitions.

Implementation of spectrum decisions

In 2009, modifications of the Frequency Plan have been under preparation in order to implement the Commission Decisions pursuant to the Radio Spectrum Decisions. The Commission asked further clarifications on the implementation of Commission Decisions 2008/477/EC and 2008/411/EC. The Commission services are following up the matter.

Rights of way and facility sharing

As in the previous year, operators expressed their concerns regarding the increasing difficulties they have encountered, resulting from the municipalities' refusal to install masts and antennas.

Administrative charges

The Act on Electronic Communication limits the administrative fee at 0.35% of the operators' previous year's annual net revenue derived from e-communications services. The exact rate is established by the Minister each year, but has remained at 0.212% since last year. Some operators have expressed concerns in relation to the level of the administrative fee, since the percentage of 0.212 has remained stable despite significant growth of the sector over the last years. In their view, this has progressively increased the budget of the NRA over the past years and necessary adjustments need to be looked into.

As in previous years, mobile operators expressed their concerns as to the structure of the frequency fees in Hungary, which in their view results in a payable amount which significantly exceeds the frequency fees paid in other EU countries and which create disincentives to an efficient use of the frequencies. During 2008, a modification of the calculation system was introduced reducing the frequency fee by 33% for UMTS. Despite this reduction, operators still consider that the amount and structure of the fees are exceptionally high and may negatively influence the deployment of future infrastructures. The Ministry declared that it is currently reflecting on possible modifications to the system of frequency fees in Hungary.

THE CONSUMER INTEREST

Tariff transparency and quality of service

In 2008, the Governmental Decree 229/2008¹⁵⁹ established quality service parameters of electronic communication service providers such as the downloading and uploading speed. As part of an intensified monitoring process, NHH fined two cable operators in October 2009 for failure to specify the guaranteed download and upload speed in their advertisements. In November 2009, the Competition Authority fined two mobile network operators with 10 and 15 Million HUF (about €37 000 and €55 500), respectively, for advertising their mobile broadband packages as unlimited with regard data volume, while in fact limiting the traffic speed when the monthly consumption surpassed a certain amount or the network capacity failed to meet the demands. In June 2009, the incumbent provider has been fined with 100 Million HUF (about €370 000) by NHH for excessive penalties to customers modifying or cancelling fixed-term contracts.

Universal service

In April 2004 each of the five (currently three) incumbents was designated as a universal service provider (USP) for a period of four years and since then they have been providing the

¹⁵⁹ Government Decree 229/2008. (IX. 12.) Korm. on the requirements related to the quality of electronic communications services in relation to the protection of consumers (229/2008. (IX. 12.) Kormányrendelet az elektronikus hírközlési szolgáltatás minőségének a fogyasztók védelmével összefüggő követelményeiről)

four components of universal service in their respective geographic areas. Whilst the possibility for USPs to benefit from the Universal Electronic Communications Support Fund is provided in the legal framework, so far the USPs' compensation requests were refused as net avoidable costs were not demonstrated. By December 2008 new agreements for the extension of the universal service contracts had not been reached and in consequence, the universal service provision was extended by a legislative modification of 31 December 2008¹⁶⁰ for at least one more year with the same components and conditions as the previous four years.

The new contracts for extending or renewing the universal service provision were still being negotiated. No change on the scope of the universal service is expected, however the possibility of reducing the number of public payphones required has been introduced¹⁶¹. It has been indicated that in the first quarter of 2010, these contracts will probably be concluded for a period of two years, in order to be in line with the newly adopted regulatory framework.

One of the mobile network operators contested the system of compensation for the universal service since its creation, and in July 2009, the Hungarian court referred the case to the European Court of Justice. In September 2009, the Court held in the case C-143/09, that the rules of the Universal Services Directive are not applicable to the calculation of contributions for the activities preceding the entry into force of the Directive in Hungary (the accession of Hungary), even if the administrative procedure started after the accession.

Users' access to the Internet and network management

Net neutrality was not reported to be an issue at the moment in Hungary. Mobile network operators declared that they do not currently have a policy of blocking VoIP traffic. However they also expressed that in view of the future developments of VoIP, operators may need to reflect on alternative policies for VoIP access.

Number portability

Between January 2004 and October 2009 altogether 438 273 fixed numbers were ported in Hungary. Mobile number portability is still not significant in Hungary: between May 2004 and October 2009 a total of 289 849 mobile numbers were ported, representing 2.7% of the total number of mobile subscribers. Whilst the maximum time permitted for fixed and mobile number portability is 8 working days, it takes on average 6 working days to port a number.

Consumer complaints

Following the legal developments in 2008, several consumer protection measures were taken in Hungary throughout 2009. In particular the NRA has focused on improving consumer awareness, and as such has continuously updated the IT application of tariff comparison and optimal tariff selection available on NHH web page, has provided up to date information on

¹⁶⁰ Government Decree 352/2008 (XII. 31.). amending Government Decree No. 134/2004. (IV. 29.) on the Detailed Rules Applicable to the Operation, Supervision, Use, Termination and Sources of the Universal Electronic Communications Subsidy Fund (352/2008. (XII. 31.) Korm. r. Az Egyetemes Elektronikus Hírközlési Támogatási Kassza működésére, felügyeletére, felhasználására, megszüntetésére és forrásaira vonatkozó részletes szabályokról szóló 134/2004. (IV. 29.) Korm. rendelet módosításáról)

¹⁶¹ Article 18 of Act CLI of 2009 amending act LXXVIII of 2005 on the organisation, duties and competences of the National Attestation Body.

the roaming regulation and regularly updated interactive map on the risk of inadvertent roaming and has established regular co-operation with other consumer protection organisations in Hungary. The main areas of complaints in 2009 covered billing (overcharging), subscriber contract (misuse of provider's power at contract termination) and service quality.

In a legal dispute between a MNO and a consumer, that was referred to the European Court of Justice¹⁶², it was ruled that the standard contractual terms and conditions of one of the Hungarian mobile network operators were unfair, insofar as they conferred exclusive jurisdiction to the court in the territorial jurisdiction where the mobile operator has his principal place of business.

European emergency number 112

According to the recent Eurobarometer survey¹⁶³, there has been a significant increase on the number of respondents who now know 112 as the European emergency number in Hungary from 27% in 2009 to 32% in 2010. One in five Hungarians (20%) had received information about 112 in the last 12 months and a relatively high percentage of them (29%) had received the information from an electronic communications provider.

As indicated in the previous report, the Ministerial Decree 23/2007¹⁶⁴, which introduced a push system for making caller location information available for 112 calls in Hungary, entered into force on 1 December 2008. The Decree provided that as of 1 December 2008 a push system would apply with regard to 112 caller location information. However, technical preparatory work only started in 2009 and a pull system is still applied. While the mobile operators declared to be in a position to provide the caller location information on a push basis, the authorities reported to be still working towards implementing the technical capacity to apply such a push system, which is currently working at prototype level. The Commission services are following the issue and encourage the authorities to take measures to advance with the process.

E-Privacy

On 15 March 2008, the legislative act¹⁶⁵ transposing the Data Retention Directive entered into force, however in spring 2008, the implementing legislation was challenged before the Constitutional Court, and the case is still pending.

With regard to registration of prepaid subscribers, Section 129 (6) b) of the Act on Electronic Communications requires that individual subscriber contracts shall indicate the name, address, place of abode, or registered office of the subscriber. According to the NRA this requirement also covers the prepaid contracts

¹⁶² Case C-243/08

¹⁶³ Eurobarometer Flash survey on the European emergency number 112 (February 2010)

¹⁶⁴ Decree No 23/2007. (II. 23.) GKM of the Minister of Economy and Transport on the technical requirements for the public telephone network in order to support emergency calls to the single European emergency call number, (23/2007. (II. 23.) GKM rendelet az egységes európai segélyhívószámra irányuló segélyhívások támogatása érdekében a nyilvános telefonhálózatra vonatkozó műszaki követelményekről)

¹⁶⁵ Act CLXXIV of 2007 amending Act C of 2003 on Electronic Communications (2007. évi CLXXIV törvény az elektronikus hírközlésről szóló 2003. évi C. törvény módosításáról).